Recommendations of the Nayak Committee

888. SHRI IQBAL SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to implement the recommendations of the Nayak Committee as accepted by the Reserve Bank of India for the small industrial sector;

(b) if so, the details in this regard; and

(c) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) to (c) The Reserve Bank of India (RBI) has considered the recommendations of Nayak Committee and as a consequence issued necessary guidelines to the Scheduled Commercial Banks. These guidelines, inter-alia, include:

(i) Preference to village industries, tiny industries and other small scale units, while meeting the credit requiremects of Small Scale Sector.

(ii) Banks have been asked to step up the credit flow to meet the legitimate requirements of the SSI sector in full during the Eighth Five Year Plan for which they would have to draw up an annual credit budget.

(iii) The definition of a Sick SSI unit and rate of interest applicable for Working Capital Term Loan (WCTL) granted as part of a rehabilitation package has been suitably modified. In order to arrest sickness in SSI units whenever there are signs of incipient sickness banks have been advised to closely monitor the progress of the unit, and wherever necessary additional finance is to be provided if such a course is warranted.

(iv) An effective grievance redressal machinery within each bank which can be approached by the SSIs in case of difficulties will be set up.

(v) Banks have been advised to adopt the "Single Window Scheme" to provide both Working Capial and term loans.

(vi) For the credit requirements of village industries, tiny industries and other SSI units having aggregate fund leased working capital credit limits upto Rs.one crore from the banking system, the norms for inventory and receivables as also the First Method of Lending will not apply. Instead such units may be provided working capital limits computed on the basis of a minimum 20% of the projected annual turnover for new as well as existing units.

Working of UCO Bank

889. SHRI SURESH KALMADI: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Reserve Bank of India have written to the Finance Ministry about their perception on the working of the UCO Bank and as such has strongly indicated the prevailing work culture in that Bank;

(b) if so, what is Government's reaction thereto; and

(c) what steps Government propose to take to improve the working of other nationalised banks so as to avaid the repitition of such recommendations from the RBI?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND THE MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY